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## HARMONIZING THE INTERESTS OF FARM PRODUCER AND TOWN CONSUMER

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### I. INTRODUCTION

Looking backward along the pathway of our social evolution one finds that wherever large commercial and industrial town centers have emerged from a previously rural population, there has always developed a clash between the townsman and his country cousin. Ancient and feudal cultures dealt with the problem vigorously and, in spite of occasional agrarian disturbances, in the main successfully through institutions of slavery, serfdom, and various forms of tied labor which kept the mass of country-dwelling producers of food and clothing stuffs in a becoming position of industry about their work, respectfulness and tractability in their conduct, and extreme frugality in their consumptive standards.

With the advent of commerce and industrialism in Western Europe, wage labor, contractual tenancies, and even innocuous forms of peasant proprietorship, superseded the old forms of rural subservience, but without creating a civilization which was at once the specific product of the occupation and likewise characterized by a high standard of living. While country life has, in the case of a favored few, risen to high levels of comfort or even of

elegance, this has been largely, if not entirely, the parasitic culture of a landed aristocracy, not a true achievement of the farming industry. Possibly in the case of the peasants of Denmark and more or less in northern France, Holland, Belgium, and western Germany, the level of prosperous economic democracy has risen to its highest point and to the closest equality with city conditions. But even there, there has been neither an equivalence with the conditions secured by similarly well situated groups of industrial wage-earners nor, for the more alert and intelligent, opportunities anywhere nearly equal to those so readily provided through the professional, technical, and business openings of the cities.

As for America, we have been going forward so rapidly in our economic development, and conditions have been so fluid as a result of free land, freedom of enterprise, the great influx of foreign labor, and the spacious opportunities in factory, bank, or professional office for the sons of the older farmer stock, that the problem has with us, seldom even threatened to become acute. To be sure, the Whiskey Rebellion was in part a backwoods farmers' protest against town-made trade and fiscal policy, and the question of free land, internal improvements, and foreign tariffs frequently brought agricultural and industrial interests into conflict in the period which culminated in the Civil War. That conflict itself was in certain aspects a struggle between an industrial North and an agricultural South. Certainly it ushered in a period of increasing domination for the former of these interests. Through the three decades following 1865 our agriculture expanded magnificently in volume but declined disastrously in profitability. Falling prices of farm products led to mortgages, and many of these mortgages eventually were foreclosed by the "Eastern capitalists" who hence became anathema to the Western farmer who had suffered years of pioneer hardships only to be dispossessed at last.<sup>1</sup> Agricultural depression led to political agrarianism. Kansas farmers sent "Red" Peffer to the Senate, there to propose a whole sheaf of trumpety Populist remedies. The South had felt the same forces

<sup>1</sup>In the South there were the economic no less than the political crimes and achievements of the carpetbagger, and in the East farmers were going down under the flood of cheap Western produce which brought prosperity to mill owner, manufacturer, and exporter.

stirring within her and sent up Ben Tillman as their spokesman, still brandishing the famous pitchfork with which the "high-collared roosters" of the town had been put to rout in South Carolina, and he was amply backed by the "sockless" Jerrys and Jeffs of other southern states.

This wave of class and, as it happened, sectional antagonism, passed away not in any considerable degree in response to specific measures wisely conceived for the curing of its underlying causes, but because a great industrial expansion rising from the ashes of the trade depression of the nineties carried demand for farm products up to a level where producers could secure reasonably satisfactory prices for all they could produce. Capped by the climactic years of a world-war in which we were first a neutral purveyor and even after our own entry into the conflict as much a commissariat as a combatant arm of the Allied service, American farmers have prospered unprecedentedly and have established themselves on a level of equality with other classes both in financial returns and social recognition such as a rural population has seldom enjoyed elsewhere or previously. Even as early as 1910, however, the price situation that spelled reasonable prosperity for the farmer engendered a growing concern among industrial interests and city dwellers over the "high cost of living." From 1915 to 1919, the tides of war-time prosperity carried town wages and profits forward somewhat faster than the prices of farm products and caused the back-to-the-land movement and other trite formulas of relief to be forgotten. Now, however, the subsidence of the war boom finds us stranded higher than before upon the uncharted shores of our producer-consumer problem.

Perhaps the most salient feature of change since the earlier day is the rise of strong organizations of farmers which have quietly but swiftly grown up with the avowed purpose of preventing the resubmergence of their members in the low economic and social estate which they experienced in their earlier days or saw in the lives of their parents and still see revealed in the rural population of other lands. They force upon our attention the burning question whether agricultural producers can so organize their industry as to secure for themselves a high standard of life and at the same time

not establish the cost of living, of food and clothing and farm-produced raw materials, upon so high a level of cost as to exert a retarding or even blighting effect upon that important part of our civilization which emanates from town. It is to the attempt to set forth some of the chief issues in that problem that the present article is addressed.

## II. LEISURE-CLASS IDEALS IN THE CITY

To get the matter in correct perspective, we must endeavor to get clearly in mind just what it is that urban interests have desired and in large measure secured. They have sought to have an ever larger surplus of food and raw materials over and above the consumption of the rural producers of these goods turned over to them for such use and enjoyment as they might see fit to make of it. That is, they have striven to erect a "leisure-class culture," to establish a population group who were emancipated from the need of devoting their time and energies to the production of mere subsistence. However, the content of the leisure-class concept has been a changing and, we may anticipate our argument to say, a constantly advancing ideal. In the older civilizations, it meant a lavish and often dissolute court and a ritualistic priesthood. The surplus wrung from half-starved slaves went to build the Hanging Gardens of Babylon and the pyramid tombs of Egypt. But, more and more, the time and effort of those who were thus freed from the necessity to wrestle with Nature for their daily bread went into the study of natural phenomena, the pursuit of art, the perfecting of government, the development of commerce and industry.

Such a redirection of effort is indeed inevitable. No matter how ample a life may at first be provided by an institutional system—military, religious, legal, or conventional—whereby a favored class is to batten on the fruits of others' exertions, the process is subject to a sure and swift operation of the law of diminishing returns. The withdrawal of a few men to repel invasion, keep domestic order, administer law, and teach and direct the unskilled workmen may result in an increased per capita output. But as more workmen are withdrawn and this first group surrounds itself with many others who weave and dye and fashion garments, who fabricate utensils

of wood and metal, who add to the variety or beauty of consumers' goods, who render personal services of multifarious sorts, a time eventually comes when the per capita stock of materials from which all this increasingly pleasant existence is to be supplied begins to shrink. The attempt to pare the primary laborers' share reaches a point where present gain is more than offset in a future loss in his efficiency. Those who would enjoy a larger life must contribute to the enlarging of the sources from which that life is to flow. Thus among the Romans, some applied themselves to the study of a better art of farming, but others sought the easier road by developing a commerce which diverted the grain of Carthage and Iberia to their wharves, or by extending conquest so that fresh laborers might continue to flow in to replace those whose depressed standard of living resulted in low efficiency or premature death. The ancient world never succeeded in establishing a harmonious adjustment of stability and progress within her civilization, based upon a *productive* leisure-class culture and a *permanent* agriculture.

With the cultural revival of the later medieval and early modern period, however, urban callings multiplied again with even greater rapidity. From mercer's guild to House of Lords, from blacksmith to poet, they made a brave array, self-lauding and calling upon the labor of the farmer for an increased output for their support. He, however, threatened to turn in revolt upon the whole pack of them, branding them as unproductive and altogether a burden upon the back of him who tilled the soil. Such was the case especially when the luxury of the Louis' and the exactions of subsidized trade and commerce caused the inky revolt of the Physiocrats and the bloody revolt of the Revolution.

This as it happened was, however, more a protest against past abuses than a measure of the disabilities which have characterized the modern period. This period, since the coming in of the Industrial Revolution, has witnessed a considerable democratization, economic as well as political. Likewise this physiocratic protest was made upon the very threshold of an epoch in which city industrialism has demonstrated its power to confer upon civilization, rural as well as urban, benefits such as had hardly been imagined in the past. If then, as the writer believes, the present situation

is one in which again this conflict of interest forces itself inescapably upon our attention and into our field of action, its reason is not to be found in the lack of serviceability but in the scheme of social organization which it has evolved and in its distribution of economic rewards.

With its cheap transportation, labor saving through the use of mechanical power, and the more effective expenditure of effort through the development of scientific methods, the services which the activities of the city render to civilization are coming to ever larger and more evident development. From such sources spring those labors of exploration which seek out new riches of nature and develop mutually profitable trade exchanges; those achievements of scientific discovery which have given us greater power to control nature and make her forces labor in our behalf; those triumphs of economic organization which have reduced the cost of manufacturing the farmer's raw materials, have put more and better implements in his hand, enlarged his facilities for marketing, and mobilized credit for his service. But, while it is patent that the farmer has been in a large way the beneficiary of this admirable program of urban endeavor, he would contend that such benefits as he has received have been but incidental crumbs from the rich man's table. He feels that the whole scheme of social organization proceeds upon a faulty principle, which, although it has worked fairly well during the swiftly moving first epoch of the world's industrialization, will not suffice as a basis for permanent adjustment in the days ahead. That is to say, this development has been essentially exploitative in character, since it has turned constantly from exhausted or partially exhausted natural resources to freshly discovered or newly opened lands and to the cheap labor of native populations or the gratuitous exertions of the land-speculating pioneer;<sup>1</sup> and not less because of the fact that at the

<sup>1</sup> How lamentably and how swiftly a purely exploitative development collapses is made painfully clear in the history of Spain, first of the modern experimenters along this path. England, on the other hand, built a substantial and imposing economic structure based upon a correlated development of extractive industry in her dependencies and of manufactures, trade, finance, and shipping in the British Isles. The real test of British economic statesmanship, however, is only now coming, as the passage of time calls for successive readjustments on the basis of a constant tendency toward

consumer's end the concern has been so predominantly that of separating him from his dollar and so little that of making the most economical provision for his needs.

The naïve intelligence of the countryman inclines to the view that economic activity is properly to be regarded as the means of producing the material essentials of human life and well-being. Individually he is concerned with making a family living and comparatively little with the amassing of a fortune or the showing of large dividends upon a capitalized investment. The weakness of his philosophy is no doubt to be found in its tendency toward making him a poor economizer of outlays which are not procured in exchange for cash and a poor conservator of the less obvious forms of capital. Such economic sins, however, though they may appear heinous to the professional accountant, seem to the lay judgment of the country venial as compared with the city's prostitution of the whole process of life-making production and consumption to the mere end of erecting and maintaining a particular structure of (1) advertisement or solicitation of other sorts to exploit consumers' spending power, (2) capitalization of the maximum income-yielding power of such a traffic, (3) the sanctification of this situation through every institutional agency which can be made to confer relative permanence upon relationships which in a dynamic (and we pray progressive) world should be kept fluid.

Let us set the matter forth concretely in terms of our staple cereals. The farmer's ideal would be that they should go to the consumer with the greatest economy and efficiency both manufacturing and commercial, giving the eater maximum utility for his money after paying the grower adequately<sup>1</sup> for his outlays of labor and materials. The urban ideal, however, tends toward quite a different adjustment of the matter. It asks, What is the most that the consumer can be induced to give for breakfast cereal if introduced to him by a highly paid "ad" writer aided and abetted

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greater economic self-sufficiency in the various colonial units. Germany's interesting experiments were cut short by her disastrous snatch at Continental domination. So far as she had gone, interindustrial balance seemed pretty well to be maintained, though exploitation within a class was probably at least as bad as elsewhere.

<sup>1</sup> Cf. p. 649 and p. 655.



by an inspired artist, working through the expensive medium of a weekly of over two million circulation and the ubiquitous street-car card? Having made our humble grains into puffed wheat and toasted corn flakes and dressed them in gorgeous lightweight packages and exchanged these for the millions of consumers' dimes (now, alas, fifteen and twenty cents), what is the highest price the investing public can be induced to pay for corporate partnership in the future earnings of this purveyor of the nation's breakfast dish? Having "sold the public" on the first of these propositions and having sold the bond house, bank, or individual on the second, future endeavor is mortgaged to the task of maintaining the power of the concern to pay the lavish salaries of its executive officers and principal selling or other experts, fixed charges, and common-stock dividends.

Obviously such an account is distorted in that it plays up only one side of the picture, the defects rather than the indisputable merits which lie in the present type of urban economic life. That life and its point of view, however, are well exemplified in the form and philosophy of the business corporation, endowed with a perpetual life consecrated to the payment of annuities to a whole brood of dependent offspring—its employees and stockholders. Naturally this fostering parent becomes the object of solicitous care not exceeded by that of ancestor worship in the Chinese patriarchal family. A similar growth of vested interest characteristic of modern industrialism appears in the case of the labor union, which syndicates the labor power of a larger or smaller group and makes their welfare contingent upon the maintenance of their craft position, not infrequently impeding technical improvement or protecting a certain tale of positions in the interest of pay envelopes rather than product. A "make work" policy, whether in the case of corporate vice-presidents or the union crew of a printing press offends the ethico-economic sense of the farmer. The tendency of urban culture to get into the rut of sinecurism, duplication of agencies, society idling, the assertion of vested right to all these is what has caused the farmer to cry out against the load of "unproductive consumers which the city is piling up on the back of the tiller of the soil."

## III. THE FARMER'S BALKED DISPOSITIONS

Having set forth what seems to the writer the chief merit and defect of the urban economic philosophy, let us turn to a brief scrutiny of rural aspirations and their socio-economic significance. The fact that from time to time the countryside breaks out in servile insurrection, Peasants' Revolt, Populism, a Non-partisan League, or some milder form of agrarian discontent makes it patent that the life which has been vouchsafed the farmer in the social organization of past and present has left persistent or recurrent cravings of his heart unsatisfied or has done violence to his sense of right and fitness. That many forms of a well-nigh universal protest against this state of things are at this moment audible from one end of our country to the other is evident, and this furnishes ample motive for an attempt to analyze the Freudian complex which is responsible for this condition.

Probably the chief source of this discontent is to be found in the position of economic, social, and political inferiority accorded the farmer in civilization's scheme of things. The craving for a high standard of life, while it has been gratified in relatively ample measure in Blackhawk County, Iowa; Ventura County, California; and Lancaster County, Pennsylvania, is still pinched and thwarted in Perry County, Arkansas; Hardin County, Illinois; and Coos County, New Hampshire. Orange Township admits that it is just about the best agricultural township in the United States, but only one-third of its farm homes have that indispensable of the tenement dweller—a bath tub. Five hundred Iowa farm women were asked what they wanted most in life and four hundred and fifty replied, "running water." But the slum dweller has that and gas or electric lights and steam heat besides, not to mention band concerts and movies, free lectures, libraries, and museums, if he have the appetite to enjoy them. The farmer who accompanies a shipment of cattle to Chicago sees uniformly well-dressed people and impressive buildings, extravagant restaurants, theater crowds with whom both time and money seem to be at a discount. He contrasts all this with the barren "Opera House" at home—dark 350 nights a year; thinks dourly of his muddy barnyard, cold bedroom, and the meager adornments of his home. He marks the wage schedule

of organized labor and observes that the clothiers' slogan, "The man who works with his hands should be as well dressed as his banker after working hours," comes near to literal fulfilment. This he puts in the deadly parallel column opposite the long hours he and his sons work, the loss on the last load of steers, (not the one before, on which he made a nice profit), and the sartorial shortcomings of overalls. He finds business closing down Saturday noon and notes the train-loads and boat-loads of people off for woods, seashore, or mountains for longer or shorter vacation trips. He perhaps fails to visit the steel works or to follow the ice-man's day, but he commonly gets the impression that, as compared with himself and his kind, city folks have a pretty easy time and comparatively large pecuniary rewards.

It is not within our province here to appraise the correctness of the deductions which farmers individually or *en masse* draw from the facts of present-day social organization. A statistical inquiry of great magnitude and extreme nicety here awaits the hand of someone with more time and space at his command. It is obvious, however, that many a comfortable home has been built out of the current proceeds of farming and that an adequate competence enables a fair percentage of farmers to retire at the age of fifty or thereabouts. But there are no great fortunes<sup>1</sup> and there are condi-

<sup>1</sup> From a wide variety of authentic sources the conclusion was drawn that before the war labor returns on the farm did not characteristically exceed a rate of one dollar per day. Obviously, this has been increased during the war but there is no reason to think that it has more than doubled on the average. Farm surveys indicate that the farmer's labor income was highest in 1917. In that year, according to a study made of sixty farms in southern Wisconsin (*Bulletin 300*, Wisconsin Experiment Station) labor income was \$1,075 as compared with \$56 in 1914 and a five-year average of \$408.

In Iowa, a co-operative study made by Iowa State College and the U.S. Department of Agriculture shows that in 1913 the average labor incomes on 1,797 farms in two representative areas were \$306 and \$307 respectively and that in 1918 two groups of farms in the same areas (392 farms) had labor incomes of \$1,525 and \$746 respectively if no allowance is made for advancing land values or \$296 and \$72 respectively if 5 per cent be allowed on the land prices of August 1, 1919. ("Labor income" in the above cases is exclusive of the value of that part of the family living which was furnished by the farm. This is estimated as \$400 to \$500 at the earlier period and a considerably larger amount in 1917 and 1918.)

Since the above figures include a large proportion of independent operators of medium to large sized farms, they should properly be compared with the earnings of

tions over wide areas which outdo many a city slum. The pragmatic test of exposure to the blandishments of the city still proves that in terms of human satisfactions the average of country conditions falls behind the town. The war-time ballad-monger put a pertinent query in his impudent refrain, "How you gonna keep 'em down on the farm, after they've seen Paree?"<sup>1</sup> The farmer himself answers, "It cannot be done unless we get a larger share in the social dividend and a larger voice in the ordering of our country's civilization."<sup>2</sup>

other business proprietors or executives and with the higher grades of clerical, technical, and professional salaries, not merely with labor wages. A single comparison must here suffice. *The Annalist* (April 19, p. 531) gives the following table of railway pay:

AVERAGE MONTHLY WAGES

	1916		MARCH, 1920	
	Freight	Passenger	Freight	Passenger
Engineer.....	\$154.32	\$177.04	\$326.43	\$301.57
Conductor.....	134.77	150.41	320.28	243.28
Brakeman.....	87.70	85.94	230.75	179.45
Fireman.....	93.82	108.11	253.35	188.12

<sup>1</sup> Data secured by the Bureau of Crop Estimates of the U.S. Department of Agriculture (*Monthly Crop Reporter*, April, 1920, p. 37.) indicates that for the country as a whole the supply of farm labor this year is 68.8 per cent of the demand; it is 57.8 per cent of the demand in the North Atlantic states, 67.5 per cent in the South Atlantic states, 64.2 per cent in the North Central states east of the Mississippi, and 75.2 per cent west of the river. The strong pull of town wages, particularly in the more industrial sections, is apparent. The Bureau estimates the farm labor supply this year to be 72.4 per cent of normal in the United States, "normal" presumably meaning the ten-year average.

<sup>2</sup> The tendency away from the farm to the city was blamed by another middle western farmer for the high cost of living. "I attribute it a great deal," he wrote, "to the good times in the city. The young men can go to the city and get big pay for eight hours work while farmers have to work fourteen to sixteen hours a day at hard manual labor. All of the young men in this vicinity of any account go to the city and there are only a few old men left to farm."

Declaring that while the farmer has to take what the commission man and retailer will pay him for his product, he is compelled to pay whatever the dealer asks for his clothes, farm machinery, and other necessities, another farmer said, "Farmers work from twelve to sixteen hours a day. City labor works six to eight hours a day. The city man makes two or three times as much as the farmer. The farmer labors and produces but gets a smaller return than any other class" (Newspaper account of

This introduces the second of the countryman's balked dispositions. The American farmer feels that his voice is no longer heard in the affairs of our country as it was in the earlier days of the republic. He marks an insidious change which has come over our political and social institutions since the Civil War and which has resulted in putting power in the hands of industrial and professional urban interests to dictate the nation's course and policies.<sup>1</sup> He, however, counts agriculture as constituting half of our national life and entitled to an equal voice with other interests. He purposes to cherish and to enlarge the social tradition of the invincible free yeomanry from which he sprung. An instinctive democrat, bred true from a line of sires who in the old mother-land kept their necks free of monarchical domination, he stoutly proposes that it shall be kept equally free from the domination of any class of city politicians, financial Bourbonism, or commercial overlords.

It was but natural that, with the passing of America from a condition predominantly agricultural, an increasing measure of power should have grown up in the hands of the newly arrived

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replies sent to questionnaire issued by the Post-office Department, January, 1920).

One class of people cannot continue to work twelve hours a day while the rest of the population works eight or less. One class cannot continue to work for twenty-five cents an hour while the rest get a dollar and twenty-five. Our civilization cannot be maintained in any way except by hard work. Farmers can't furnish all the hard work while other people strike and loaf. The only remedy will be for every man who is producing commodities that the farmer uses to get to work, to produce more and at less cost; and for a good many men who are enjoying short hours and high wages in the cities to go back to the country and help plow corn (*Prairie Farmer*, April 17, 1920).

<sup>1</sup> The writer finds himself in some doubt as to the proper tense to be used in this and subsequent paragraphs, whether it should be past, present, or future. It was written in the present tense as of March, 1920. At almost that moment, however, a change in the leadership of the United States Department of Agriculture resulted in a vigorous campaign of publicity in behalf of our rural population. Almost at once there was a swing of sentiment amongst city editors toward a more fair and generous presentation of the question of the farmer's economic condition and his relation to the cost of living. Cumulative force was added to this movement by the fact that several of the strongest farmers' organizations through a joint committee presented the cause of American agriculture so vigorously to the great political parties as to secure quite adequate expressions of interest and support both in the platforms and in the pronouncements of their candidates. Whether the future will reveal that these apparent gains are real or merely illusory remains to be seen.

industrial and financial groups. But the farmer feels that in the years from the Civil War until the recent past these classes have used their growing strength and his relative weakness to push him into a position of obscurity and to treat his complaints and his aspirations with contempt. He believes profoundly (doubtless being to some extent overcredulous) that big business interests have had an unholy power in Congress and in many state legislatures. If now the work (begun some years ago) of casting out these privileged powers is to be perfected, he proposes to have representatives of his own interests occupy whatever position, by right of its size and importance, his industry is entitled to. If, on the other hand, the years following a great war are to witness a recurrence of efforts by the same interests to secure for themselves again a position of special privilege and power, he proposes not to sleep on his rights but to exert his full strength to frustrate such a development.

We have seen the length of psychic disturbance to which gentle womanhood may be driven when thwarted of its intention to grasp the suffrage and cure the wrongs and blunders of a "man-made world." Not less may be the outbreaks of rural groups who have brooded long upon the real or fancied wrongs of a government nominally of and for the whole people but which they become convinced is effectively controlled by town-made policies which cause the lion's share of our enlarging social life to go to industrial interests and to the denizens of the town. A host of documents might be introduced to show the prevalence of such sentiments in the country today. Two brief quotations must here serve as typical:

City editors have not yet come to regard farmers as part of "the public." They still look upon them as "hewers of wood and carriers of water." The attitude is not confined to city editors. During the recent ruction over the price of milk, the president of one of the oldest and largest universities in the country objected to allowing the farm women and children anything for their labor, on the ground that "they had always worked for nothing." This man was a member of a milk commission. Ideas like his must be got out of the minds of thinking people. Farmers are entitled to as good wages as other people who do work requiring similar intelligence and skill. In future they are going to have such wages or know the reason why. And they will get them through organization. . . . Moreover, we should be in a position righteously to prevent hostile legislation, and have a voice in the settlement of industrial disputes that involve farm interests [*The Farm Journal*, April, 1920, p. 7].

The great majority of American farmers are not today securing from their labor a reward which they regard as fair to themselves, nor one which students of social science consider satisfactory from the standpoint of minimum requirements for a decent living. . . . The working farmers of America as a class have not been represented in any authoritative or adequate way in the groups that have outlined policies nor in the councils that have determined destinies, either with respect to agriculture itself, or in those fields of effort in which the farmers as a great class of citizens have a special interest [Butterfield, *The Farmer and the New Day*, pp. 11, 16].

Doubtless the city's comment upon these capacious aspirations and far-reaching claims would be an appeal to the give-and-take philosophy which their lifetime association with market processes has caused to permeate all their thinking. Virtually they would say, "We will be glad to have you enjoy all these things if you can *earn* them. No amount of mere wistfulness and no appeal to categorical standards of abstract justice or propriety can avail against the organized processes of a price-competitive and politically enfranchised society." This can readily be ritualized into the impeccably sportsmanlike slogan "A fair field and let the best man win." This, though attractive, begs the question so far as the farmer's contention that institutional adjustments favor urban against rural interests, is concerned. At the same time there must be no evasion of the challenge thrown down by the city on the score of efficiency. The farmer cannot hold himself immune from any responsibility for the cost of the nation's living. To be sure the highness of that cost should be measured against stable landmarks as we look forward into a permanent agricultural process of high technical and economic efficiency, not backward over the impermanent and abnormal depressions of a period of land appropriation. But the farmer must appear and plead in court when it is charged, "The physical wastes on the average farm are enough to sicken any self-respecting industrial manager; the leaks due to inadequate bookkeeping are appalling; the loss of labor power through poor layout and clumsy labor management are enormous; serious dissipation of capital occurs in the purchase of plant, equipment, and supplies; selling operations are unbelievably inept and wasteful."

There is not time here to analyze the pros and cons of these charges, but it is incumbent to point out that the "honest farmer"

with a strong sense of personal justice is likely to fall into a bald labor theory of value and to seek to force the repayment of costs whether wisely and skilfully accrued or otherwise, rather than to rely upon the efficiency of his productive and marketing organization as a means of assuring the return of his costs including a good family living. We shall return to this issue later.

#### IV. IS THIS MERELY A PHASE OF THE CAPITAL-LABOR CONTROVERSY?

It might be thought that that phase of the farmer's dissatisfaction which aligns him as an enemy of economic and political privilege would make him the natural ally of the industrial laborer in the latter's chronic antagonism to capital and capitalistic forms of government. This is not the case, however, since the main objectives of organized labor and those of the farmer are, in fact, diametrically opposed. The former seeks to put wages up and living costs down in order that between them there may be an ampler zone for the elaboration of a high standard of consumption and adequate provision for his own old age and the future of his children. The farmer's interest, on the contrary, lies in the direction of higher prices for the products which enter into the city laborer's cost of living and a lower cost for the town-made goods which he must buy and in whose price the laborer's wage is an important factor. To be sure there is a third party involved in the problem, viz., the capitalist or city employer. He too is concerned in protecting his margin of net income by enhancing sale prices or by depressing costs. The relations of these three parties admit of several different combinations of common interest or common antagonism. Thus laborer and capitalist are mutually interested in high prices for their finished product and low prices for their raw materials. Both are interested in low prices for food and clothing materials, but the former wants high wages and low profits and the latter high profits and low wages.<sup>1</sup> The farmer finds his strongest interest

<sup>1</sup> Of course the employer is relatively unperturbed by wage advances so long as he is able to pass them on to the consuming public without trenching on his profits. Likewise labor is not much disturbed at the presence of large profits provided they represent gains over and above a generous rate of wages (e.g., the Ford Motor situation). But it is obvious that progress in the direction of high wages and large profits both



in high prices for his products and his second *desideratum* in low prices for his manufactured goods, transportation, or other services. While it is true he is a laborer, he is also generally an employer of additional hands and hence not a whole-souled convert to union philosophy of work and pay. Likewise he is almost invariably an owner of considerable circulating capital even where he is not a land owner, but also he is a rather heavy borrower of capital, both individually and frequently as a member of a co-operative organization. Hence his zeal for large returns upon capital is tempered by a longing for easy interest rates and a generous division of returns in the form of labor income. In a word he is concerned about the status of agriculture in relation to other industries more than he is about distributive categories. In so far as he is class conscious, it is the class consciousness of the farming industry rather than that of the laborer or the capitalist as such.

To be sure, there have been maneuvers looking toward the establishment of a working entente between organized labor and organized farmers. Such a move, however, can be successful only in case both parties are convinced that their mutual conflict of interest is less than their common suffering at the hands of a third class inimical to both. This has been the case in the Non-partisan League, which has sought to array both farmer and laborer against the capitalist, personified as "Big Biz." In their philosophy the fundamental clash of interest between farm producer and town consumer is effectively masked by a persistent emphasis upon the miller, elevator company, packer, banker, and other industrial, commercial, and financial functionaries rather than upon the ultimate eater of food or wearer of clothes. These latter, they argue, pay at retail a sum quite large enough to give the original producer

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meet a check and ultimately a complete stoppage in the increasing difficulty of forcing selling prices of consumption goods indefinitely higher. Moreover a general advance in such prices reacts unfavorably upon the worker's own real wages, since one group buys the products of other groups. The more complete and permanent solution of their personal problem of economic welfare, therefore, calls for a lowering of the prices both of raw materials for their industry and of farm products which enter directly into their cost of living. Hence a natural solidarity of interest between laborer and capitalist, operating in the direction of low farm prices. Our habitual faith that supplies will be forthcoming regardless has never met any very serious check. Cf. p. 655.

his due or meet his needs adequately were it not for the heavy toll levied by the capitalist, speculator, middleman, and manufacturer.

A radical minority of the farmers have been won over to this point of view and have accepted organized labor's exposition of the economic process, in which the maintenance or advance of wages, the shortening of working time, and like measures are shown not to have the effect of adding to the price of what the farmer buys, or of subtracting from what he receives of the price paid by the consumer for bread or bacon, shoes, or a woolen suit.

To the conservative majority of business farmers, however, the trend of events has sufficiently demonstrated that industrial labor has a power little if any less than that of organized capital to protect its own interests, and this largely at the expense of the unorganized rural class. The industrial worker seems to them quite capable of effecting his own deliverance from the economic ambush in which he found himself as a result of the swiftly changing technique of the last century and a half. Institutional adjustments already effected appear to permit the elevation of city wage-earners to a standard of earnings, working conditions, and intellectual and social satisfactions outside their work, which is above the rural average.

This conservative wing of the farmer party (including the National Grange, the American Farm Bureau Federation, most of the Farmers' Educational and Co-operative Unions,<sup>1</sup> and some minor organizations), while it holds aloof from the utopian socialism of the maximalists both in its own ranks and those of organized labor, is no more ready to align itself with the minimalist camp within the American Federation of Labor. Both of these conservative groups look to collective bargaining under the existing régime for the accomplishment of their aims. Since their heads are not enveloped in the pink cloud of radicalism they perceive that the parts of the social dividend cannot be greater than its whole and that, since they are bargaining for the same thing, the interest of the one inevitably runs athwart the pathway of the other's economic advancement. The farmer perceives that full attainment of labor-union goals by

<sup>1</sup> But not the Farmers' Union of Nebraska and North Carolina, the State Grange of Washington, Oregon, Idaho, and Colorado, the National Gleaners, nor the American Society of Equity.

the methods currently advocated would achieve for this class an economic position and standard of life from which he himself must be shut out. The labor unionist does not expect his proselyte to share in his own heaven of union hours and union pay. For then, says he aghast, we of the town should starve. Conversely, the farmer says, If the consumers of the town would get down to work as industriously as we are constrained both by inclination and necessity to do, the resulting increase in their productivity would so enlarge their purchasing power that they could cease their relentless pressure upon the prices of the farmers' products. They could freely allow us a return which would permit the realization of a rural standard of life upon a level equal to the ideal which they hold for themselves.

This view has come to expression in numerous resolutions<sup>1</sup> by farmers' organizations large and small, and has been manifest in

<sup>1</sup> "If industrial controversies are settled by increasing industrial wages and decreasing industrial hours of labor, farmers must not be held responsible for the resulting increases in the cost of necessities of life. If industrial wages are increased and hours of industrial labor are decreased, these changes will influence farm wages and farm hours of labor in the same way, and still further decrease farm production, and increase farm costs. Increasing wages and decreasing hours also add to the cost of distribution, which in turn is paid by the consumers. The National Grange insists that no settlement of industrial controversies can be fairly made without taking into account the effect of such settlement on the greatest of all industries—Agriculture" (Legislative Recommendations of the National Grange, passed November, 1919).

"The farmers, and the American people as a whole, do not believe that any class of workers should receive a full day's pay, with a 60 per cent increase, for five hours' work and when Mr. Gompers or the American Federation of Labor tries to put a thing like this over, more especially at a time when untold suffering might result, they may expect and deserve to be criticized, and criticized severely. The right to quit work when one pleases is an inherent right, provided that one is able to take care of himself without work and not become a charge upon the community. The right to strike is not an inherent right and can only be justified on the ground that labor has no other weapon with which to bring about a redress of its grievances. However, when labor arrogates to itself the right to strike when and where it pleases, without reference to the merits of its cause, it is high time for the government to step in and protect the whole people against the few, who, on account of peculiar circumstances, are in a position to wreck business and cause untold suffering" (Association of State Farmers' Union Presidents, Washington, D.C., January, 1920).

"We declare our independence of affiliation with any commercial, labor, or industrial organization, but maintain a co-operative attitude toward all movements promoting the welfare of American institutions.

"We unqualifiedly assert our loyalty to the principles of the freedom of the people under our American institutions, and while recognizing the right of any and every class

a general unwillingness to join with labor groups in public conferences or private understandings.<sup>1</sup>

It was currently reported last fall that the greatest danger to the continuance of the traditional policies of the Federation of Labor and to Mr. Gompers' personal leadership bade fair to arise from a predicted alliance of the farmer group with the radical

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of our people to associate themselves for material benefit, we just as strongly assert the right of every American citizen to the free and unhampered privilege of disposing of his labor or products thereof as he may individually desire.

"We desire to point out that a large factor in the high cost of living is the curtailing of production through shorter hours, lessened efficiency of labor, and strikes" (Resolutions adopted by American Farm Bureau Federation at its organization meeting, Chicago, Illinois, November 14, 1919).

"The statement has been made so often and kept to the front so continuously that organized workers have an inherent right to strike, when and wherever they please, that the public generally has accepted the statement as being true, and, as a result, strikes have in times past received to some extent the support of public opinion. Recent events and happenings, however, indicate that the country generally is giving this question serious consideration, and as a result there is a growing demand that some other method be employed to bring about the settlement of controversies between employer and employee. This demand is more pronounced on the part of the farmers of the United States than of many other classes, for the reason that they are affected more directly than most other classes. The farmers develop a section of country adapted to the production of perishable products. They spend vast sums of money in building houses and barns, digging drainage or irrigation ditches, and in bringing the land up to a high state of productivity. Such land could not have been developed if the transportation facilities had not been such as to insure that the farmers could get their products to the markets of the country with the least possible delay and before they become unfit for consumption. What applies to the production of perishable products applies, in varying degrees, to the production of all other products, and in no case could the farmers undertake to produce extensively or beyond their own needs if there were no facilities for transporting their products to the consuming centers.

"If the above is true, and no sane man will say otherwise, then it naturally follows that those who believe that labor has an inherent right to organize a strike believe that such organizations have a right to starve the people of the cities to death, on the one hand, and to destroy the property of the farmers on the other. No such right has ever existed and no such right exists now. It is economically unsound, and the American people can and will work out some other method for the settlement of such controversies" (Statement issued by representatives of the National Grange, the American Farm Bureau Federation, the Cotton States Board, and the Association of State Farmers' Union Presidents, Washington, February 12, 1920).

<sup>1</sup> Mr. Gompers invited the National Grange to participate in his "reconstruction conference" in Washington last December. This invitation was referred to the annual session of the order where it was fully debated and answered with a curt telegram of rejection. In Iowa a great effort has been made to interest the organized farmers

faction of the labor forces. Apparently these fears, while not groundless, did not rest upon a correct apprehension of the matter. It would appear now that not only is this agricultural group immune to the gospel of the labor radicals, but they are also opposed to the creed of labor orthodoxy, with its strenuous insistence on the unabridged right to strike and its implacable opposition to any economic league of peace such as the Kansas Court of Industrial Relations.<sup>1</sup>

The impeccably bourgeois attitude of the dominant faction in American farmer organizations is patent to the most casual reader of their official utterances. Therein lies the key to the whole present situation. Workmen's and peasants' councils will not be set up here, because our farming is not carried on by a peasant class. The proletarian group within the industry is much of it relatively inaccessible to the organization movement and the propertied class in the country is constitutionally out of harmony with the prevailing labor philosophy on at least four points: (1) The right to strike threatens their prosperity by imperiling their market connection. (2) The union measure of a working day (plus strike interruption) enhances the price of their productive and consumptive supplies. (3) The union level of wages robs them of their labor supply either inside or outside the family group. (4) The drift of labor philoso-

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in support of the labor cause. The State Federation of Labor called a "conference of farmers and laboring men" at Des Moines on October 1, 1919, and a so-called "triple conference" (labor unions, railway employees, and farmers) was also held at Des Moines January 12, 1920. While several of the resolutions adopted in these joint conferences constitute an excellent statement of the common interest of farmers and laboring men in honest officials and progressive and equitable laws, the concrete demands of the laborers on such issues as the return of the railroads and measures for industrial arbitration have alienated the larger part of the farmers' support.

<sup>1</sup> The forehanded zeal with which the *New Republic* hastens to extend the right hand of labor fellowship to rural Iowa ("The Line-up in Iowa," April 28, 1920) seems a bit premature. Its remarks were posited on a prediction of success for a certain Colonel Smith Brookhart, who sought to draw the farmers and the American Legion into a triple alliance with union labor for the purpose of ousting Senator Cummins from his Congressional seat. Brookhart, however, was decisively defeated in the state primary of June 7.

It is perhaps worth while also in this connection to recollect that in foreign governments where an agrarian *bloc* is not uncommon, its affiliations are characteristically with conservative or even reactionary factions and seldom if ever with the radicals.

phy toward socialization of capital and nationalization of land threatens their position as capitalists.

Whether or not the balance of power in the ranks of organized labor is destined long to remain in the hands of the "menshiviki" under leaders of the type of Gompers, Mitchell, and Morrison, it seems to the writer quite safe to predict that the conservative régime of such leaders as Atkeson and Howard is likely to endure for some time in the evolution of the farmers' organization movement. It is likely that the open and vigorous opposition of this body to further governmental control of the railways and the fact that they have "voted early and often" in favor of measures to prevent strikes have done as much as any one thing to cast a chill upon the ardor of that labor faction which apparently had about concluded that the moment had arrived for the ushering in of a new social order. For how long a future it will maintain its control and at the same time avoid shifting its position remains to be seen. If the conjunction of circumstances which appear now to operate in the direction of increased tenancy and lessened rural prosperity, give to the group a markedly proletarian cast they will doubtless swing over toward socialistic patterns of action, though in alliance with industrial laborers only in those cases where it seems that their common opposition to some capitalistic interest transcends their mutual antagonism over the fixing of what is to one a selling and to the other a buying price.

In summary, the capital-labor controversy runs in and out through the producer-consumer controversy. But the latter is a distinct issue provocative of a distinct class alignment. While it must not be the purpose of rural organizations to foster class strife, yet there is here an underlying divergence of interest in the nature of things which a proper self-interest precludes their ignoring. By what methods and how fully this underlying conflict of interest can be resolved is a question to which the remainder of this paper will be addressed.

#### V. THE PROXIMATE ADJUSTMENT

If, in these disquieting circumstances, we turn to the economist for a prescription for the *malaise* whose symptoms we have been discussing, what will be the counsel that he gives? Clearly the nature

of the advice will depend upon the sort of economist whom we call in consultation. Should we hit upon a complacent practitioner of the *laissez faire* school, he will say that these disturbing forces must work through to a natural equilibrium. The most orthodox of economic medicine men would advocate, like the most heterodox of the bodily healers, a policy of masterly inaction whilst the unseen hand should restore the divine harmony of perfect health.

Within limits there is merit in this doctrine. It represents the minimum elements of an adjustment. In presenting the sort of balance which economic forces will strike if merely allowed to work themselves out unhindered and unhelpt, it centers attention upon certain underlying factors which must be reckoned with in any adjustment which may be effected. Indeed such a scheme of automatic readjustment may be accepted as adequate if time is no factor in our consideration and if we are willing to accept whatever type of civilization may thereby be brought about. If the farm population is dissatisfied with current wages, let the present drift toward town continue unimpeded to the end that by relocating our labor force it may relieve the relatively greater scarcity in town, ease the wage pressure there, and, through the enhanced scarcity of rural labor, elevate its wage till no disparity shall longer exist. Besides the primary adjustment in pay thus effected, there would be a secondary influence tending to advance the cost of city living and to swing the pendulum of relative economic advantage back toward country residence and rural employment. Likewise, on the score of capital it would be argued that if returns are higher in industrial than in agricultural pursuits, funds should and will be drained from the latter to the former until a proper balance is re-established. Let the farmer sell his agricultural holdings and invest in town property or industrial securities. Contrariwise, if the city consumers find present food costs too high or farm-produced raw materials too scarce, they can redress the faulty balance by subtracting themselves from the city and applying their labor and their capital back at the source of supplies in the country.

Both the pre-war back-to-the-land movement and the war-time and post-war drift into industrial callings represent spontaneous but somewhat erratic popular attempts at such economic ballasting.

Undoubtedly such a movement constitutes an effective and direct-acting method of altering the *status quo* but that it in any adequate sense solves the underlying problem by no means follows.

The value which attaches to such a method of readjustment is negative rather than positive. The whole proceeding, like other evolutionary processes, may work toward regression quite as steadily as toward progress if the surrounding circumstances be such as to head the course in that direction. If through ignorance of true conditions or immobility, from whatever cause it comes, or institutional handicaps, individuals are led or forced to accept an unsatisfactory income position and standard of living no amount of empirical tinkering can materially ameliorate their lot. The economic law operates to establish a balance as readily upon the level of peasant or coolie farming as upon the higher plane which we are endeavoring to establish permanently in America. A balance which might be perfect regarded as a mere mechanical phenomenon could yet be utterly disastrous from the standpoint of our hopes for a broadly advancing civilization.

Hence, the present moment is opportune to mobilize the farmers of America for the maintenance of a high average standard of income and of living. The whole idea of economic adjustment based upon competitive equilibrium stands upon a pragmatic footing. The rural class must to a large extent work out its own salvation. Unless they definitely rally to an American farm standard, higher than that of the past and, even more emphatically, higher than that of the farm workers of other countries, they are destined to fall victims to a campaign of nibbling which will shortly start a cumulative process of degradation toward the inferior position habitually reserved for the man with the hoe.<sup>1</sup>

<sup>1</sup> Intelligent city people to whom I have talked along the general lines indicated in this paper appear to think that one should be utterly confounded by the query, "Who are you to talk of rural submergence? Aren't the farmers of Iowa making money out of present food prices? Aren't they building fine homes, or buying big cars, or retiring in middle life?" To this I must rejoin, "Yes, Iowa farmers have been prosperous this year, have enjoyed rising returns during the war, have averaged well during a decade, have indeed been climbing up for twenty years." But the things not covered in this blanket admission should also be set forth and not forgotten.

1. The circumference of the view which I have attempted to reflect is not limited by the state lines of Iowa. I have in mind also the hill whites and the black sharecroppers of Arkansas, the abandoned farms of New York, and the defeated settlers



The producer-consumer controversy will never be solved while the ratio of exchange between the products of rural and of urban labor is disproportionate to the exertion and the skill involved. The slogan "Equal pay for equal work" is coming into vogue among the more intelligent group of organized farmers and it is a formula of sound economic wisdom for the proximate adjustment of the relations between town consumer and farm producer. The great movement now under way to accustom the farmer to keeping records and employing the recognized aids of the accountant as a means of appraising his economic position is a step in the right direction. It

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in several sections of the West. I speak also of the wage hand in all these sections no less than the rural proprietor.

2. Complacency about the present status of rural income is unwarranted if we stand upon the threshold of a period in which that condition promises to be altered greatly for the worse. I cannot escape the belief (see "Will Agricultural Prices Fall?", *Journal of Political Economy*, March, 1920) that the American farmer is confronted by conditions which will in the coming generation defeat all his aspirations for the maintenance or advancement of the standard of life upon which he has got at last a precarious hold, unless effective organization on his part plus an intelligent and generous attitude on the part of the non-agricultural public shall be promptly brought about.

3. I cannot share the feeling that present standards of rural life are (even in Iowa) too high, nor indeed in most cases high enough. Suppose we drive out along some main road in one of the best sections of the corn-belt. We see occasionally an attractive, modern residence, possibly of brick or stucco. From the town man or woman this almost without fail elicits the bromidic observation, "That's a pretty fine house for a farmer." An avenue of better houses in the city would be accepted as the norm for small tradesmen or professional men, and the really well-to-do would grade up from that level to the palaces of upper Fifth Avenue. Yet where is the categorical imperative that says that farm producers must be cabin dwellers or denizens of barren cottages? The public opinion of the United States should not be allowed to acquiesce in the point of view concerning agriculture to which Englishmen (and Continentals too) have blunted their sense of social righteousness. We are told, for instance, that "a great society, whose members are well qualified to form conclusions on this point, has expressed the opinion that in normal times it is unlikely that farmers will be able to pay a rate of wages to their labourers high enough to allow the latter to offer a commercial rent for a cottage" (C. S. Orwin, *The Determination of Farming Costs*, p. 119).

Neither must the employing farmer allow himself to fall into the notion that farming cannot pay the competitive wage that will attract not alone the necessary quantity but especially the needed quality of labor. The way in which farmers have this year escaped a threatened labor shortage by paying "city wages" of five to seven dollars for a ten-hour day is a good object lesson to the man who looks ahead and not behind.

bids fair to be followed rapidly by a class-conscious demand that unless these labor and capital outlays are as well rewarded in agriculture as in other employments they will be withdrawn and directed elsewhere. This would be another step in the direction of a constructive and permanent adjustment of our inter-occupational relationships. Unless the farmer himself sees to it that we equate our urban and industrial life against a relatively small but intelligent, well-trained, and amply equipped class of farm producers, it will inevitably gravitate toward a large class of ignorant, inefficient, and ill-equipped yokels. Such a course, threatens both the political safety of a country<sup>1</sup> and the future efficiency upon which the cultural progress of its urban life or indeed the total civilization must depend. It may become tragically true that *in proportion to the value of their labor* this low-grade rural class is being paid as well as any other. But sooner or later the civilization which allows the basal industry of its economic structure to produce such a race of votaries is destined to find its further progress impeded by the inefficient character of its fundamental labor group. This question of efficiency introduces us to the ultimate issues in whatever permanent adjustment may be looked for.

#### VI. THE ULTIMATE BASES OF HARMONY

The ultimate adjustment of this fundamental antagonism will not be brought about merely by giving to farmers wages and living conditions equivalent to town rates and standards, regardless of the curtailment of the urban-centered culture which may thereby result; nor by giving them proportional representation in all the agencies of social control, regardless of how wisely and generously or how stupidly

<sup>1</sup> Lothrop Stoddard's suggestive book, *The Rising Tide of Color*, seems peculiarly pertinent to our problem. If white civilization withdraws into the cultural life of towns and leaves its agricultural production to be carried on meanly and cheaply by cheap and mean men, farming is likely to repel the men and women of the white race and become the residual province of Asiatics, Africans, and half-breed red men. The occupational distribution of the negro, Mexican, and Japanese elements in our population is already significant and there have been many who clamor to have the present agricultural labor shortage relieved by the repeal of Asiatic exclusion laws or conventions. The relatively high fecundity of rural populations makes it a matter of simple arithmetic to show the dominant character of any influence which becomes influential in the agricultural group.

and selfishly this power may be exercised. It will be in the way of establishing adjustments of ultimate harmony only when all parties to the controversy recognize that what we allude to so glibly as the "H.C.L." is no mere monetary disturbance of changing price levels nor a mere personal wrangle over wages as between John Smith on the farm and John Smith in the factory; but that it is in fact the very comprehensive issue as to how effectively our national and world resources, both natural and human, shall be marshaled for the production of the raw materials of existence and of how effectively these primary goods shall be applied toward the production of a good life for all. The town consumer insists rightly that the rural producer shall keep his producing system up to a level of technical and business efficiency commensurate with the highest standards of modern natural and social science. The rural producer reciprocally demands that town users of this maximum out-turn of goods be imbued with the highest ideals of "productive consumption" that the bread cast upon the waters by the farmer may return to him in an enlarging endowment for his better education, his more complete equipment, his more effective inspiration, thus enlarging his product and lowering its cost to the city population, which shall be thus enabled to perform yet larger feats for the advancement of the common social life.

What we stand most in danger of and what would put the producer-consumer controversy into yet more acute stages of disagreement is the tendency for the matter to degenerate into a pot-and-kettle dialogue in which the town calls the country slow and stupid and the country charges the town with greed, extravagance, and laziness, the trend of conduct meanwhile being toward competitive slowing down of effort and deliberate sabotage. As indicated earlier in this paper, the farmer is extremely critical of the restrictionist policies of union labor and hardly less so of capital when he suspects it of adopting similar tactics of war by starvation. Not a few farm leaders are preaching the desperate counsel of agricultural curtailment on any scale set by urban capital and labor—by "starving city folks into recognition of the farmer's rights." Such is the fatal contagion of dog-in-the-manger policies of economic action.

As against this, two tendencies toward solution of our problem seem already discernible; one running in the direction of a greater integration of our economic life whereby the interests of considerable groups of both producers and consumers become pooled, and the other in the reaction from the now almost intolerable tension between these factions and toward a *rapprochement* upon bases of economic sanity and toleration.

Let us look at the first of these possibilities. There was no producer-consumer controversy in early society organized on patriarchal or feudal patterns. The individual's productive contribution and his consumptive reward were both regulated under rules of status. When, in the interest of greater energy and efficiency, the modern system of free enterprise and contractual relationships evolved, our society became departmentalized horizontally into a functionally specialized series of economic activities which may roughly be called productive, primary marketing, processing, and final marketing. Between each two of these economic zones a frontier of sometimes friendly but often hostile intercourse developed. Comparatively early in certain lines of industry these difficulties were compounded by merging the successive processes into one integrated industry. Notable examples of this movement are the United States Steel Corporation and the Standard Oil Company. They, or even the lesser specimens after their kind, may seem much too ambitious to have an even inferential bearing on the food and clothing problem. But as a matter of fact a quite analogous movement has already taken place in agricultural lines. Dairy distributing and manufacturing companies have acquired and are operating their own milk-producing farms instead of fighting with the farmer over milk prices, supply, and quality. Canning companies have become producers of their own agricultural raw materials, and a great tire and rubber company grows cotton for its cord and fabric supply. Hotels, chain lunch-rooms, and fruit and vegetable distributing companies have moved in the same direction, and the writer is convinced that there are many others of which he has never heard.

It is obvious, to be sure, that such identification of producers' and consumers' interest as occurs in such instances involves only

the intermediate or productive user, not the final consumer of the farmer's product. It is true further, however, that constructive action for the protecting of the final consumer along similar lines is in evidence. The British co-operative consumers have integrated their supply system along lines similar to those indicated above, and here and there large employers of capital have come to the point of realizing that the problem of their labor supply may be approached through activities designed to lower living costs as effectively as through raising wages. In a few cases they have even gone into the production of food supplies. It seems highly improbable that there will be any extended movement in this direction, not so much because this does not offer an avenue of escape as because there appear to be other lines of less resistance.

Thus far we have traced a process of integration downward or backward from the consumer amid his city institutions. But a similar movement is working upward or forward from the farm producer seeking to merge adjacent economic processes into the organization under his own control. The California Fruit Growers' Exchange is a familiar illustration of large-scale co-operative enterprise which extends nearly, though not quite, to the final consumer. Local groups have achieved personal deliverance from the general difficulty by co-operative flour mills or the direct selling of farmers' creamery or egg-circle products. In several cases milk producers have taken over the city distribution of their product and, even in a city as large as Grand Rapids, appear to have established the business on a permanent and successful basis.

It can by no means be said to be clear how far this movement can or will be carried, particularly in the case of the great staples where distribution is very wide, the processing concerns enormously large and their control concentrated, and the raw product produced under complex systems of general farming. In many sections the farmers feel that the interest of both themselves and the consumer demands that they get control of the milling and packing industries out of the hands of their present owners. In North Dakota, despairing of salvation by any other means, they have adopted the dangerous doctrine of direct action through state elevators, mills, packing houses, and banks.

This and such conclaves as the All-American Farmer-Laborer Conference held in Chicago last February, with its roseate plans for the funding of our whole economic life under so-called "co-operative" auspices, may doubtless be set down as the antics of the "lunatic fringe" of an industrial society whose essential patterns promise nevertheless to maintain themselves recognizably intact for some time to come. Even at that, however, this industrial society is plastic and gives evidence of being today on the eve of a mutation in which the slowly accumulating tendencies of a long period of apparently fruitless experimental variation may set it measurably forward toward a better adjustment of structure and function to the needs of our modern economic environment. It seems high time that the industrialization movement which has progressed so far in other lines of economic endeavor should be brought to a corresponding stage of development in agriculture.<sup>1</sup> I have attempted to show how this might proceed from either agricultural or urban sources. Possibly the large opportunities in foreign lands which our industrial and financial interests foresee just now may check any considerable movement from that quarter. The war period has put the rural class, both in point of funds and of organization, in a stronger position than ever before to move forward along the lines indicated. Unluckily the funds seem to go too largely toward the advancing of land values and the purchase of blue sky. It remains to be seen whether the force of organization shall be directed toward economically and socially sound and effective measures or in conducting a partisan fight along the lines of selfish and immediate class interest.<sup>2</sup>

<sup>1</sup> Of course no one who has any understanding of the nature of the agricultural process will suppose that this expression is intended to imply factory methods of operation or trust methods of control in the business of farming. But it does mean functional specialization of labor and a type of group organization which permits of large-scale administration of the problems of technical equipment and of commercial and financial organization.

<sup>2</sup> If one may venture an analogy, this process of integration might be likened to the coalescence of local political units into nationalistic states, such as has been taking place during the last few centuries. Within limits we may rely upon enlightened self-interests and a rough balance of power between them to preserve the public peace and permit the world to make social progress. However, at times one or another breaks over into war and the whole system is threatened. Hence the irrepressible demand

In the last analysis it comes back to the question of the real understanding on the part of both city and country people—leaders and rank and file—of the sort of mutually dependent industrial structure within which they are functioning,<sup>1</sup> and of the energy and efficiency with which each labors in his part of the field. The present transitional position of American economic life reveals the need of making wise provision now for the maintaining of our farming class on a self-perpetuating basis of efficient work and satisfying life, else production will fail and our civilization will be a house divided against itself, one-half parasitic urban culture the other half exploited and primitive rural life. The town must earn and pay its way; the country must offer a field for capital and

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for some superior regulating agency. Likewise in the industrial field the sort of large-scale organization here discussed would wipe out internal frontiers of strife and maintain peace along the external boundaries so long as leadership was broad and tolerant. But when live-and-let-live doctrines fall (as they inevitably would at times) before strong interests lustful for domination, some outside regulative agency would be the only alternative to economic war. The sort of regulatory agency required and the possibility of securing it are left to the reader's speculation.

Considerable interest for our problem attaches to the parallel movement which appears to be under way in the railroad field. The brotherhoods have recently opened their own bank in Cleveland. The monthly letter of the National City Bank of New York in commenting on this development (and also a propos an Italian steamship company owned by officers and men of the Italian mercantile marine) makes some interesting suggestions upon the probable attitude of the organization toward the question of the integrity of and income upon capital when, in the natural course of events, this bank becomes possessed of some millions of dollars' worth of such securities. Mr. Roberts goes farther to suggest that if the railway workers were to save fifty dollars each per year out of the new wage which has been granted them they could acquire by due process the ownership of "the New York Central Railroad system in the first year, of the Baltimore and Ohio and Erie systems in less than a year and of all the systems running from Chicago to the Atlantic coast within five years at the present market prices of the stocks." In view of the trend of events since the Adamson law episode, could we expect the rate policy to be more or less lenient toward the public than under the present capital control?

<sup>1</sup> I have quite sufficiently set forth my views on the needs of agriculture and its obligations to the town, both in the earlier part of this paper and elsewhere (see "The Place of Agriculture in Modern Industrial Society," *Journal of Political Economy*, June-July, 1919). It is lamentably true that certain urban interests seem blind to this situation and that some farm leaders seem disposed to emulate the program of force which has become a blot upon the record of organized labor. The integration movement which I have here sketched would by no means contribute to the real solving of our problem if the consolidated agency set up under rural auspices used its powers

for exceptional labor, and surround its people with wholesome and inspiring conditions of life.

It is perfectly plain that in the turn of popular interest toward the country in recent years there has been a recognition on the part of city folk, bankers, railway officials, merchants, and manufacturers that for their own welfare or even safety the farmer must be speeded up. His steadily increasing efficiency is one of the foundation pillars upon which a genuine solution of our problem must rest. But the town cannot demand of him efficiency in the sense of a modern scientific, mechanical, and commercial agriculture unless his income and social position are of the sort from which efficient human life is produced. It is pretty generally understood that killing the fabled goose abruptly terminated the supply of golden eggs. But one sometimes suspects that the city mind does not really apprehend that even the goose that produces the common or commercial variety of eggs must have an adequate ration if a prolific and permanent supply is to be assured.

We cannot force the farmer to a low estate and at the same time expect him to perform on a high plane. Nor can we demand high performance of him and yet impede it by lowering the quality or enhancing the price of the agencies, commercial, financial, transportation, or industrial in conjunction with which he must work. We cannot assert the vested right of bankers, or merchants, or manufacturers to any profit-perpetuating position in which they happen to be intrenched, and yet expect the farmer to produce efficiently and economically.

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purely in its own immediate interest by making the consumer pay through the nose, or if the town-sprung system labored in the consumer's interest to reduce costs by using its efficiency of organization to depress the economic position of its workers—the bulk of our rural population. Having recently had considerable opportunity to get an intimate view of the attitude of many of the leaders of organized farming, I am optimistic on the former score, and, if suitable means for keeping the issues in the light of public attention are kept active, one could feel tolerably safe on the second.

One of the greatest benefits of the integration tendency alluded to above would be that, besides the spur to efficiency due to the real or potential invasion by outside agencies, some participation in non-agricultural business by farmer groups and some practical contact with farming by city interests is bound to beget a better understanding and a more sympathetic attitude on the part of each for the needs and the accomplishments of the other.



Likewise, the farmer must get a correct perception of the needs and of the actual achievements of the city. He must realize that, besides their triumphs in the way of mechanical and commercial efficiency, the people of the town have met some of their most serious social economic difficulties with courage and skill. For example, the city has adjusted itself to the gradual dissolution of woman's household task by reorganizing her labor power quite fully outside the home. The effectiveness with which such labor is used and the promptness with which its employment has been safeguarded, while not perfect, have been yet a creditable performance and the future outlook is yet brighter. At the same time woman's labor on the farm is, in prosperous sections, being relieved of its former almost intolerable drudgery, and town and country are approaching an equality of profitable employment and suitable leisure. Likewise there has been considerable abatement of the crimes of predatory capitalism under which the railways were the football of the stock-jobber and the great industrials were the promoter's private oyster. There is much yet to be done, however, along the line of purging away the blue-sky salesman and the real estate operators who pump up the market prices of agricultural land,<sup>1</sup> and like unworthy excrescences of our present system. The splendid work which some parts of the banking group have rendered to the agricultural industry has made their banks real service institutions to the farmer, but this needs to be made more uniform and comprehensive.

Lastly, as already indicated earlier in this paper, perhaps the greatest reversal of attitude needed to put our problem in the way of solution or at least on the road to better conditions instead of worse is that the masses of wage labor shall be induced to throw themselves whole-heartedly into a program of full production. As a writer in this *Journal* so admirably put it:

The time has come when labor should actively turn its attention toward problems of production and set its shoulder firmly to the task of building up an

<sup>1</sup> A process which, acting first unfavorably upon the farmer, reacts disastrously upon the town in the form of higher computed costs of farm production, agrarian discontent, and stifled enterprise, hence further irritation and loss.

industrial structure dedicated and designed expressly for output and inspired in such a fashion as to be from top to bottom a force for genuine efficiency.<sup>1</sup>

Only with the industrialization of agriculture<sup>2</sup> in the interest of greater economic efficiency, with the passing of capitalistic privilege and the coming of a more thoroughgoing economic democracy, with the dedication of labor to the ideal of maximum production from a reasonable working period, shall we have the component parts of our society joined in the united effort to convert the joint product of our common toil into the best life for all. Then city culture will become the splendid flower of our civilization, growing out of the fertile soil of an amply enriched country life and furnishing not the meatless bone of everlasting class contention but instead a steadily enlarging and advancing standard of life for all our people.

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<sup>1</sup> H. B. Drury, "The Causes of and Antidote for Industrial Unrest," *Journal of Political Economy* (March, 1920), p. 219.

It is encouraging that the *American Federationist* (March, 1920), was willing to give Mr. Drury space in its pages to expound his doctrine, but it is to be feared that the view for which he makes such a splendid appeal is as yet a long way from acceptance by the labor rank and file. Without being unmindful of the wrongs from which wage labor has suffered in the past and certain undoubted difficulties of its present position, it must yet be obvious that we cannot find our way out of even these difficulties by having each group curtail its services to the point of putting it in a strong bargaining position with reference to all the others. That way lies a prompt drying up of the very sources of our economic life. The greatest danger with which our country has been faced in many a day has recently appeared in the tendency of farm workers to turn toward the restrictionist policies which industrial labor has taught them. Instead of such a competitive slowing down we must bring all departments of our productive life up to the level of the most efficient and industrious. Fortunately the leading officials of organized farmers have repudiated anything savoring of wilful curtailment of production on the part of their membership and instead are calling upon other groups to join them in an expansionist campaign.

<sup>2</sup> See n. 1, p. 653.